

U.S. SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549
FORM 10-QSB

☒ (x) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

☐ () TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT COMMISSION OF 1934

for the Transition period March 31, 2006

Commission file number 0-9951

ADVANCED OXYGEN TECHNOLOGIES, INC.

(Exact name of small business issuer as specified in its charter)

Delaware

91-1143622

(State of Incorporation)

(IRS Employer Identification No.)

C/O Crossfield, Inc., 133 W 13th Street, New York, NY 10011

(Address of principal executive offices)

C/O Crossfield, Inc. (212)-727-7085

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filled by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No

As of March 31, 2006 there were 46,973,585 issued shares and 45,853,585 outstanding shares of the registrant's Common Stock, \$.01 par value..

Transitional Small Business Disclosure Format (check one): Yes() No(X)

ADVANCED OXYGEN TECHNOLOGIES, INC.

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PART 1: FINANCIAL INFORMATION

Item I: Consolidated Financial Statements for the three months ending March 31, 2006.
(unaudited)

ADVANCED OXYGEN TECHNOLOGIES, INC.		
BALANCE SHEETS		
	Unaudited	Audited
ASSETS	March 31, 2006	June 30, 2005
CURRENT ASSETS		
Cash	\$ 381,172	\$ -
	-----	-----
Total current assets	381,172	-
FIXED ASSETS		
Land and Buildings	650,000	

Total Fixed Assets	650,000	
Investment in Mobile Group, Inc.	-	-
	-----	-----
	\$ 1,031,172	\$ -
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES		
Accounts payable	\$ 48,702	\$ 48,690
Accrued Expenses	1,886	
Client Escrow Funds	373,984	
Current Portion of Long Term Debt	4,742	
Note Payable	650,000	
Payroll and sales taxes payable	63,953	37,515
	-----	-----
Total current liabilities	1,143,267	86,205
Due to affiliate	30,585	17,545
Long Term Debt	97,561	
	-----	-----
Total Long Term Liabilities	128,146	-

STOCKHOLDERS' DEFICIENCY -		
Convertible preferred stock, Series 2, par value \$0.01; authorized 10,000,000 shares; issued and outstanding 5,000 shares liquidating preference \$25,000	50	50
Convertible preferred stock, Series 3, par value \$0.01; authorized and issued, 1,670,000 shares	16,700	16,700
Convertible preferred stock, Series 4; issued and outstanding,		-
Convertible preferred stock, Series 5; issued, 1 share		-
Common stock, par value \$0.01; authorized, 90,000,000 shares; issued 46,973,585 shares	469,736	469,736
Additional paid-in capital	20,497,769	20,628,396
Accumulated deficit	(21,217,212)	(21,211,348)
Less treasury stock, at cost		
1,670,000 shares of convertible preferred stock, Series 3	(7,284)	(7,284)
1,120,000 shares of common stock	-	-
	-----	-----
	(240,241)	(103,750)
	-----	-----
	\$ 1,031,172	\$ -
	=====	=====

Consolidated Statement of Operations	3 Month Period Ending March 31,		9 Month Period Ending March 31,	
and Changes in Accumulated Deficit	(Unaudited)		(Unaudited)	
	2006	2005	2006	2005
Revenues				
Software Sales IP Service		7,981		41,420
Real Estate Rental Income, Anton Nielsen Vojens	13,974		13,974	
Total Revenues	13,974	7,981	13,974	41,420
Cost of Sales				
Cost of Sales IP Service		2,145		9,255
Selling Expenses IP Service		3,158		15,414
Total Cost of Sales	-	5,304		24,669
Gross Profit	13,974	2,676	13,974	16,751
Expenses				
Accounting Expense		1,250	8,000	10,688
Depreciation Expense, IP Service				7,586
Interest Expense	1,781	5	1,781	10
General & Administrative	7,197	478	7,197	10,923
Share/Transfer Agent Expense	2,220		2,245	2,125
News Announcement, Public Relations	615		615	
Total Expenses	11,813	1,733	19,838	31,332
Income (loss) from Operations	2,161	943	5,864	14,581
Vendor Forgiveness of Debt				184,091
Net Income (Loss)	2,161	943	(5,864)	169,510
Accumulated Deficit				
Beginning of Period	(21,219,373)	(21,009,235)	(21,211,348)	(21,177,802)
End of Period	(21,217,212)	(21,008,292)	(21,217,212)	(21,008,292)
Earnings per Share	0.00	0.00	0.00	0.0036

Consolidated Statement of Cash Flow	3 Month Period (Unaudited)		9 Month Period (Unaudited)	
	Ending March 31,		Ending March 31,	
	2006	2005	2006	2005
Cash flow from operating activities				
Net Income (Loss)	2,161	943	(5,864)	169,510
Adjustments to reconcile net loss to cash provided by operations				
Accum Depreciation IP Service				7,586
Accounts Receivable & Value Added Tax Receivable		(893)		(3,452)
Accounts Payable and Accrued Expenses	2,192	353	12	(183,538)
Current Portion of Long Term Debt				
Client Escrow Funds, ANV	373,984		373,984	
Net Cash provided (used) by operations	380,557	403	380,557	(9,894)
Cash Flows from financing activities:				
Proceeds From:				
Note Payable, Crossfield	615		13,040	9,625
Net Cash Flows used in Financing Activities:	615		13,040	9,625
Net Increase (decrease) in Cash	381,172	403	381,172	(269)
Cash Balance at beginning of Period	0	2,786	0	3,458
Cash Balance at End of Period	381,172	3,189	381,172	3,189
Supplemental Cash Flow Information:				
Non Monetary Transactions				
Used for:				
Land and Buildings	650,000		650,000	
Paid in Capital	186,803		186,803	
Proceeds from:				
Long term Debt, ANV	97,561		97,561	
Note Payable, Borkwood Ltd	650,000		650,000	

Common Stock	48,780		48,780	
Beginning Equity, ANV	7,396		7,396	
Accrued Expenses	1,886		1,886	
Current Portion of Long term Debt	4,742		4,742	
Taxes Payable	26,438		26,438	

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations.

For the three month and nine month period ending March 31, 2006, the Company had profits and losses of \$2,161 and \$5,864 respectively. These profits were primarily the result of operations of the Company's wholly owned subsidiary, Anton Nielsen Vojens, ApS

Pursuant to a stock acquisition agreement attached hereto as exhibit I ("Stock Acquisition Agreement"), on February 3, 2006 Advanced Oxygen Technologies, Inc. ("AOXY") purchased 100.00% of the stock of Anton Nielsen Vojens ApS ("ANV"), a Danish company from Borkwood Development Ltd. (a current shareholder of AOXY) for Six Hundred and Fifty Thousand US Dollars. ANV owns commercial real estate and produces rental income.

Pursuant to a stock acquisition on March 05, 2003 Advanced Oxygen Technologies, Inc. (AOXY or the Buyer) purchased 100% of the issued and outstanding stock of IP Services, ApS (IP or the Company) from all of its owners (the Shareholders) for value of five hundred thousand dollars (Purchase Price). AOXY issued fourteen million shares of common stock and one share of preferred convertible stock to the Shareholders for payment and consideration of the Purchase Price. Concurrently, pursuant to an Employment Agreement on March 05, 2003 AOXY entered into an agreement with Kurt Sondergaard (Employee). The Employee will be employed by AOXY for four years and will perform duties of president of IP, and AOXY and the Shareholders entered into a covenant of non competition agreement whereby the Shareholders agreed not to compete with IP for a period of five years.

At a special meeting of the Board of Directors, AOXY removed Joseph N. Noll as a director due to his inability to perform his duties as a director. AOXY appointed Kurt Sondergaard and Lawrence Donofrio to the board of directors to replace Joseph N. Noll . Kurt Sondergaard founder and major shareholder of the company, Mr. Sondergaard was educated in the Danish Navy as an electronic engineer. He has worked for 10 years in the electronic security industry, specifically in the IT sector. During this period, Kurt has developed as a business entrepreneur, building and selling an IT business. Lawrence Donofrio graduated from Hamilton College with a BA in English studies. He then worked at Citibank for three years as a financial analyst, and five years as a private financial consultant. He then took a position with Bankers Trust for two years and since 1982 has been a private consultant in the financial industry.

The Company maintains a database ("Database") of business contacts that have participated in conference events. The Database was obtained through acquisition and the Company's activities of marketing events and producing CD-ROMS for clients. The Company maintains and updates contact fields on a quarterly basis.

AOXY has a database management contract with Dun and Bradstreet, ("DB") and Walter Karl, Inc., a division of InfoUSA, Inc. ("WK") whereby, Walter Karl, Inc. will broker the Company's Database. Walter Karl's function is to market and rent the data contained in the Database. This is available in one of two formats: on a one time basis, or a 'database' basis whereby the customer will commit to a minimum number of contact names. The majority of the customers using the Database through WK are direct business to business marketers. WK receives a fee for each sale. During the year ending June 30, 2002 Walter Karl was the Company's only source of revenue. During this period, Walter Karl is the Company's only customer.

AOXY has an agreement with Dun and Bradstreet whereby DB will update, correct, append, and offer deletions to the Database. DB will evaluate the Database each time, and has the option to purchase contacts on a case by case as they see fit, in which case AOXY would receive a fee. Correspondingly, should AOXY, rent, sell or otherwise profit from registered DB information, AOXY would pay a fee to DB. To date, AOXY has not sold any registered DB information.

The Company had a location in Santa Clarita, CA for operations. The Company had abandoned this facility and equipment and maintains no staff other than the sole officer of the Company. Currently, the sole officer of the Company allows the Company to maintain its books, records and operations at its office.

The Company continues its efforts to raise capital to support operations and growth, and is actively searching for acquisition or merger with another company that would compliment AOXY or increase its earnings potential. During this period, the Company has had discussions with candidates, and has had no success in securing negotiations or a transaction. Further, the Company's financial position makes it difficult for the Company to continue operations. The foregoing raises substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on the attainment of profitable operations and meeting its obligations on a timely basis, which during this period, the Company has not been able to do.

Acquisition Efforts:

The Company continues its efforts to raise capital to support operations and growth, and is actively searching for acquisition or merger with another company that would compliment AOXY or increase its earnings potential. During this period, the Company has been in discussion with five companies looking to be acquired. AOXY has not negotiated any terms nor proposed any acquisitions of any of these companies that have been accepted. In addition, the Company is in discussion with potential lending institutions to assist in financing any proposed acquisition. The Company expects difficulty in financing the

growth of the increased business or acquisition and has been concentrating on raising capital and/or obtaining a line of credit.

Historical Operations:

On March 9, 1998, pursuant to an Agreement for Purchase and Sale of Specified Business Assets ("Purchase Agreement"), a Promissory Note ("Note"), and a Security Agreement ("Security Agreement") all dated March 9, 1998, Advanced Oxygen Technologies, Inc. (the "Company") purchased certain tangible and intangible assets (the "Assets") including goodwill and rights under certain contracts, from Integrated Marketing Agency, Inc., a California Corporation ("IMA").

Pursuant to an employment agreement dated March 09, 1998 between the Company and John Teuber ("Employment Agreement"), on September 04, 1998 the Company terminated John Teuber for cause without relinquishing any of its rights or remedies.

Pursuant to the Note, the Purchase Agreement, and the Security Agreement between the Company and ("IMA"), the Company on September 04, 1998 exercised its right of "Set Off" of the Note, as defined therein due to IMA's breach of numerous representations, warranties and covenants contained in the Note and certain ancillary documents. The Company further reserved any and all rights and remedies available to it under the Note, Purchase Agreement and Security Agreement.

The Company entered into a two year employment agreement ("NAG Agreement" as contained in Exhibit I of the registrants SEC Form 10-K for the period ending June 30, 1998) with Nancy Gaylord on March 13, 1998. On September 18, 1998, Nancy Gaylord terminated her employment with the Company. The NAG Agreement had no provision for this termination. The Company entered into a lease agreement as contained in Exhibit I of the registrants SEC Form 10-QSB for the period ending September 30, 1998 with America-United Enterprises Inc. on October 01, 1998 and took possession of 4,700 sf. of premises on November 06, 1998 in Santa Clarita for its CA location. Currently, this is the only California location of the Company.

On December 9, 1998 the company delivered to IMA, "Notification to Indemnifying Party and Demand for Indemnification for \$2,251,266." Pursuant to the Note, the Purchase Agreement, the Security Agreement, and the Employment Agreement (collectively the "Agreements"), the Company demanded that IMA pay \$2,251,266 or defend the Company against the Liabilities (as defined therein) due to, among other things, IMA's breach, representations, warranties, and violation of the Agreements.

On January 29, 1999, pursuant to the Purchase Agreement of 1/28/99, Advanced Oxygen Technologies, Inc. ("AOXY") purchased 1,670,000 shares of convertible preferred stock of Advanced Oxygen Technologies, Inc. ("STOCK") and a \$550,000 promissory note issued by Advanced Oxygen Technologies, Inc. ("Note") from Integrated Marketing Agency, Inc. ("IMA"). The terms of the Purchase Agreement were: AOXY paid \$15,000 to IMA, assumed a Citicorp Computer Equipment Lease, #010-0031648-001 from IMA,

delivered to IMA certain tangible business property (as listed in Exhibit A of the Purchase Agreement), executed a one year \$5,000 promissory note with IMA, and delivered to IMA a Request For Dismissal of case #PS003684 (restraining order) filed in Los Angeles county superior court. IMA sold, transferred, and delivered to AOXY the Stock and the Note. IMA sold, transferred, assigned and delivered the Note and the Stock to AOXY, executed documents with Citicorp Leasing, Inc. to effectuate an express assumption by AOXY of the obligation under lease #010-0031648-001 in the amount of \$44,811.26, executed a UCC2 filing releasing UCC-1 filing #9807560696 filed by IMA on March 13, 1998, and delivered such documents as required. In addition, both IMA and AOXY provided mutual liability releases for the other.

On April 18, 2000, notice was given that the Board of Directors and persons owning 64.7%, or 19,180,500 shares of common stock of Advanced Oxygen Technologies, Inc. have elected to adopt the following proposals: 1. To amend and restate the Company's Restated Articles of Incorporation to increase the Company's authorized Common Shares from 30,000,000 to 90,000,000 shares, 2. The Board of Directors has approved an amendment to the Company's Certificate of Incorporation to change the name of the Company to AOXY, Inc. The Company's current name was adopted in 1985 when the Company was focused on applications of its technology which it has since disposed of or otherwise abandoned. The Board of Directors believes it would be more appropriate for the Company to utilize a corporate name which more accurately describes the current focus of the Company or is not misleading as to the Company's operations. The above amendments to the Certificate of Incorporation will be filed with the Secretary of State of the State of Delaware, and the Name Change will become effective as of 5:00 p.m. Eastern Time, on the date of such filing.

On December 31, 2000, AOXY entered into an agreement with Eastern Star, Ltd, and Baldwin Construction Co (the "Purchasers") whereby the Purchasers will buy three million shares of capital stock of AOXY for one hundred and twenty five thousand dollars pursuant to a purchase agreement ("Purchase Agreement"). The Company has concluded the issuance and delivery of the shares pursuant to the Purchase Agreement. In addition, the Company received a request from Ann Sejerøe for a conversion of her 1 Preferred Share number P 0002 issued April 16, 1998, and in accordance with the restrictions, terms and conditions, as evidenced on the reverse side of the share certificate, the Company issued 333,333 shares bearing a restrictive legend.

On February 14, 2002 the Company gave notice of the change of the Company's location, and location of books and records from Advanced Oxygen Technologies, Inc. 26883 Ruether Avenue, Santa Clarita, CA, 91351 ("CA Location") to Advanced Oxygen Technologies, Inc. c/o Crossfield, Inc. 133 W 13th Street, Suite #5, New York, NY 10011, Telephone (212)-727-7085, Fax (208)-439-5488. This location is co-located with a related business of the president, Robert E. Wolfe.

Forward Looking Statements

Certain statements contained in this report, including statements concerning the Company's future and financing requirements, the Company's ability to obtain market acceptance of its products and the competitive market for sales of small production business' and other statements contained herein regarding matters that are not historical facts, are forward looking statements; actual results may differ materially from those set forth in the forward looking statements, which statements involve risks and uncertainties, including without limitation to those risks and uncertainties set forth in any of the Company's Registration Statement's under the heading "Risk Factors" or any other such heading. In addition, historical performance of the Company should not be considered as an indicator for future performance, and as such, the future performance of the Company may differ significantly from historical performance.

PART II

Item 1: Legal Proceedings

There were no legal proceedings brought against the Company during this period.

Item 6. Exhibits and Reports on Form 8-K

There was a report filed on Form 8-K on February 4, 2006, of a stock acquisition agreement ("Stock Acquisition Agreement"), on February 3, 2006 whereby Advanced Oxygen Technologies, Inc. ("AOXY") purchased 100.00% of the stock of Anton Nielsen Vojens ApS ("ANV"), a Danish company from Borkwood Development Ltd. (a cruent shareholder of AOXY) for Six Hundred and Fifty Thousand US Dollars.

There was a report filed on Form 8-K on March 4, 2006. Pursuant to a acquisition agreement attached hereto as exhibit I (Danish original) and Exhibit II (English Translation) ("Acquisition Agreement"), on March 3, 2006 Anton Nielsen Vojens ApS ("ANV"), a wholly owned subsidiary of Advanced Oxygen Technologies, Inc. ("AOXY") entered into an agreement to sub divide and sell a 3,300 SM portion of its Vojens City property ("Property") for Two Million Three hundred Thousand Danish Krone (2.300.000 DKK) to Ejendomsselskabet Ostergade 67 ApS, a Danish company ("EO"). Under the terms of the Acquisition Agreement:

EXHIBIT 99.906CERT (A)
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

EXHIBIT 99.906CERT (B)
CERTIFICATION OF TREASURER
PURSUANT TO
18 U.S.C. SECTION 1350,

**AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

**EXHIBIT 99.CERT (C)
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

**EXHIBIT 99.CERT (D)
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

SIGNATURE

In accordance with the requirements of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 2, 2006

/s/ Robert E. Wolfe /s/

Robert E. Wolfe, Chairman of the Board and
Chief Executive Officer and Principal
Financial Officer